



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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## **IMPORTANT TAX LAW CHANGES**

Some notable changes were made to tax laws administered by the Board of Equalization (BOE) during the 2003 legislative session. Legislative changes take effect on January 1, 2004, unless otherwise noted.

Highlights are as follows:

Assembly Bill 1741 limits the period in which the BOE may issue a billing for unreported use tax for qualified purchasers. This time limit was eight years and is now shortened to three years if it is determined that the failure to report and pay the tax was due to reasonable cause. The bill also provides relief of any penalties imposed upon qualified purchasers if the BOE determines that the failure to timely report or remit the tax was due to reasonable cause.

Senate Bill 1009 authorizes individuals to report qualified use tax on their California income tax return. While the use tax law was enacted in 1935, this will be the first time a line to report use tax appears on the state's income tax returns.

Assembly Bill 1043 grants the BOE the authority to utilize a Managed Audit Program in which a taxpayer could perform an audit of their own books and records, with limited guidance from the BOE, in order to determine any tax deficiencies.

Assembly Bill 71 establishes the Cigarette and Tobacco Products Licensing Act of 2003 which is intended to decrease tax evasion in California. It establishes a BOE-administered licensing program for sellers of cigarettes and tobacco products and prohibits unlicensed retailers, distributors, and wholesalers from distributing or selling cigarettes or tobacco products in this state. The licensing program and sale prohibition also applies to cigarette manufacturers and importers. The law establishes licensing deadlines, a license fee schedule, and penalties for noncompliance. The BOE will be notifying those affected about this new requirement in the near future.

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